



U.S. Immigration
and Customs
Enforcement

June 19, 2006

News Release

Two Chelsea residents plead guilty to participating in one of New England's largest counterfeit goods conspiracies

BOSTON-- Two Chelsea residents pleaded guilty today in federal court to money laundering and trafficking and conspiring to traffic in more than \$1.4 million of counterfeit luxury handbags and wallets, as well as the materials needed to make these counterfeits, Assistant Attorney General Alice S. Fisher, United States Attorney Michael J. Sullivan, Acting Special Agent-in-Charge Matthew J. Etre of U.S. Immigration and Customs Enforcement (ICE) in New England, and Special Agent-in-Charge Douglas A. Bricker of the U.S. Internal Revenue Service Criminal Investigation in New England, announced today.

Minh Vu, age 26, and Katherine Luong, age 27, both of Chelsea, pleaded guilty today before U.S. District Court Judge William Young. Vu pleaded to eight criminal counts charging conspiracy to traffic in counterfeit goods, conspiracy to commit money laundering, and a variety of counts alleging specific instances of trafficking in counterfeit goods and money laundering. Luong pleaded to seven similar charges of conspiracy, money laundering, and trafficking in counterfeit goods. A sentencing date was set for October 26, 2006. The indictment also alleges similar charges against two of Luong's sisters, who are scheduled for trial in October.

"Intellectual property is one of the United States' most valued resources in the modern world," said U.S. Attorney Sullivan. "The United States Attorney's Office will continue to take strong steps to prosecute those who violate others' trademarks, copyrights, and trade secrets."

"Today's guilty pleas reaffirm that the Department of Justice will combat organized efforts to illegally manufacture and sell inauthentic goods," said Assistant Attorney General Fisher. "We will pursue these crimes whether they take place in a warehouse, on the Internet, or on the street."

"Trafficking in counterfeit goods is not a victimless crime. It is multi-billion dollar theft," said Matthew J. Etre, acting special agent-in-charge of ICE in New England. "The public needs to know that criminals who sell knock-off or counterfeit merchandise rob legitimate companies of billions of dollars each year, and the person who buys the merchandise contributes to the crime. ICE is committed to aggressively enforcing our nation's intellectual property rights laws by targeting criminal enterprises that profit from the honest hard work of others."

At today's hearing, the government told the court that, had the case proceeded to trial, the evidence would have proved that Vu, Luong, and her two sisters used thirteen self-storage units at a facility in

Revere, Massachusetts as their counterfeiting operation's home base. When raided by law enforcement officers last year, these storage units held approximately 12,231 counterfeit handbags; 7,651 counterfeit wallets; more than 17,000 generic handbags and wallets; and enough counterfeit labels and medallions to turn more than 50,000 generic handbags and wallets into counterfeits. These items copied Louis Vuitton, Kate Spade, Prada, Gucci, Fendi, Burberry, and Coach trademarks, but were of lower price and quality. Ten of the storage units were used for storage; two were configured to display items in the open, like showrooms; and one held a work-table and tools that could be used to turn the generic wallets and handbags into counterfeits. Vu and the others sold their counterfeit wallets and handbags at a flea market in Revere, Massachusetts, and to smaller gatherings at approximately 230 "purse parties" throughout Massachusetts.

All together, the counterfeit and generic handbags and wallets were worth approximately \$1.4 million at average counterfeit prices (typically \$35 for wallets and \$40 for handbags). The storage units also contained numerous counterfeit handbags and wallets of other manufacturers, along with scarves, belts, umbrellas, sunglasses, duffle bags, hats, visors, garment bags, coats, shoes, necklaces, bracelets, rings, and earrings bearing counterfeit marks owned by these and other victim companies.

Vu and Luong face maximum sentences on the conspiracy to traffic in counterfeit goods charge of five years in prison and a fine of \$250,000 or twice the gain or loss; on the substantive counterfeit goods counts of 10 years in prison, to be followed by three years of supervised release, a \$2 million fine, and restitution; and on the money laundering conspiracy and substantive counts of 20 years in prison, to be followed by three years of supervised release and a \$500,000 fine. According to the terms of their plea agreements, VU and LUONG will make over \$48,000 in restitution payments to the victims and will not contest the forfeiture of five bank accounts, over \$41,000 in cash, two vehicles, and the counterfeit merchandise.

The case was investigated by Immigration and Customs Enforcement at the Department of Homeland Security and the Internal Revenue Service, building upon an investigation by Massachusetts State Police, the Boston Police Department, and the Suffolk County District Attorney's Office, who referred the matter for federal prosecution. The case is being prosecuted by Assistant U.S. Attorney Adam J. Bookbinder in Sullivan's Computer Hacking and Intellectual Property Unit, and by Senior Counsel Scott L. Garland of the Justice Department's Computer Crime and Intellectual Property Section.

ICE

U.S. Immigration and Customs Enforcement (ICE) was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of four integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.